JOURNAL

OF AMERICAN INSURANCE

MAY 1960 Vol. 36—No. 5

Now for the Conventions!

Career Women in the Insurance World

Big Doings on the Delaware

Death-Defying Fun, Foolproof and Safe

Our Unconquerable Floods

The Healthful Future of Hospitals

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Chicago Historical Society

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OUR COVERS

"WIGWAM" suggests peace-pipe smoke and conciliation. That describes what transpired in the famous Wigwam (front cover) at one of the most celebrated political conventions of all time when Lincoln was nominated for the presidency by the Republicans, May 18, 1860, at Chicago.

In the early balloting, William H. Seward, New York, was the leading candidate. But many delegates held out for a less controversial nominee in view of the Union vs. slavery issue in the impending campaign. Then Lincoln, though a lesser light than Seward, was soon agreed upon as the man with the fewest enemies.

Famous in its own right, the Wigwam had been hastily constructed by the Republican clubs of Chicago so that the city might have a fitting place for the 1860 convention.

By the time the 1960 elections are over, Chicago will be an advantaged bidder for future conventions with the completion of its new lake-front Exposition Center (back cover). No "wigwam," it contains 36 million cubic feet and is costing $34 million. ⊙

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WHEN THE CROWDS COME MARCHING IN

Conventions — political and otherwise — are a tough testing time for insurance services.

MORE THAN $50 MILLION in insurance money will be riding on the outcome when the Republicans and Democrats gather in July to nominate the next President of the United States.

The payoff will have nothing to do with which candidates win the nominations. What *is* at stake is whether the candidates and some 60,000 other persons manage to get through all the hoopla without serious mishap.

Insuring conventions—political and nonpolitical—has become a major undertaking involving millions in coverages on everything from the delegates themselves to the food they eat, the vehicles they ride in, the exhibits they look at, and the places where they work and sleep.

Political conventions are small potatoes financially when compared with some of the big trade shows which have made the convention business one of the nation's top 20 industries. Nevertheless, the presence of so many of the nation's high-ranking political leaders places some unusual demands on insurance services.

Jaren L. Jones, chairman of the Republican National Convention's committee on arrangements, reports his group alone has $10 million in liability coverages for the five-day GOP convention which opens July 25 at Chicago's International Amphitheatre. These policies cover personal injuries and property losses conventioners might cause to members of the public. In addition, the amphitheatre has another $12 to $15 million in liability and property insurance covering the building, parking lot, vehicles and concessions.

Jones' counterpart, Democratic National Committeeman Leonard Reinsch, has arranged for the Democratic convention in Los Angeles to be covered under the $2 million public liability policy carried regularly by the new L. A. Memorial Sports Arena. For an extra premium, the Democrats will be added onto the arena's policy as an additional insured for five days beginning July 11. The $6 million arena also is fully insured against fire, earthquake and other catastrophe hazards.

Both parties can stand on their records in

convention safety; serious accidents have been extremely rare. The physician on call at the amphitheatre reports fainting spells, sprained ankles and bruises are the most frequent complaints.

One of the more serious mishaps at the 1956 Democratic convention occurred when a flying piece of cardboard caused severe injury to former Postmaster General James A. Farley's right eye.

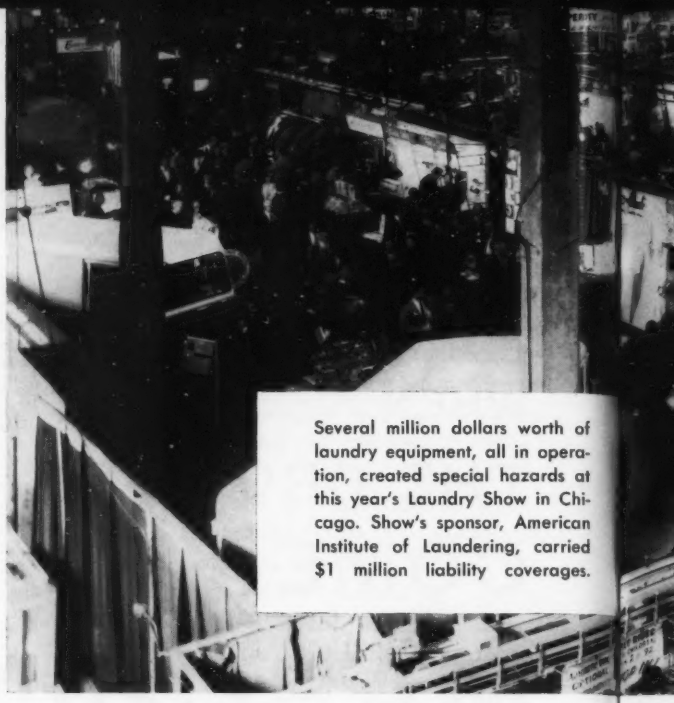
He has since had two operations to correct the damage, and reports he has now regained 83 per cent of his vision.

"All expenses were covered by insurance," he told the *Journal.*

Although such injuries are infrequent, the potential exposure to convention hazards is becoming greater every year. More than 20,000 national and regional trade shows and conventions were held in the U. S. last year, with more than 10 million persons attending.

"Conventions are now a $1 billion-a-year business—and getting bigger all the time," says Chester A. Wilkins, executive director of the Chicago Convention Bureau. "Businessmen are just now beginning to realize that a trade show is one of the best possible ways to reach a quality market on a captive basis. It's the only place you can get all the top people in a particular industry together at the same time."

Cities also are waking up to the financial advantages of hosting conventions—the Chicago bureau is one of 170 now in business to attract groups to their cities and help them obtain the services they need, including insurance.



Several million dollars worth of laundry equipment, all in operation, created special hazards at this year's Laundry Show in Chicago. Show's sponsor, American Institute of Laundering, carried $1 million liability coverages.

Wilkins estimates each of Chicago's 1 million annual convention visitors spends an average of $160 out of his own pocket in addition to the vast sums spent by exhibitors.

One large trade group alone, the National Machine Tool Builders Association, spends $8 million at each convention for exhibits, floor space, decorations, equipment installation, watchmen, and all the other logistics involved in putting on a trade show for 130,000 people.

Insurance coverages involved in a convention of this size can easily exceed $100 million, counting the policies held by the sponsoring organization, individual exhibitors, the convention hall and all the contractors that provide convention services.

To simplify matters, several insurance companies have worked out package policies designed especially for convention groups. Usually they offer a cost saving as well as the advantage of having all coverages handled by one company.

Wide World

Republican convention July 25 will be held in Chicago's International Amphitheatre, scene of General Eisenhower's 1952 nomination. Delegates and visitors will be protected by $25 million in insurance.

Democrats will gather July 11 in new Los Angeles Sports Arena for a five-day nominating convention. Insurance will provide financial protection against property damage, injury, fire, even earthquakes.

Pics Photographers

One such package plan offers exhibitors all-risk insurance on their exhibits and records from the time they leave home until after the show is over, plus $100,000 in liability protection and $10,000 in property damage indemnity against mishaps at their booths. The cost runs about $2.50 for the first $1,000 of all-risk property coverage, plus $1 per thousand thereafter. The liability portion costs $10, plus another $5 if the exhibitor serves food and wishes coverage against the possibility of food poisoning.

Another company offers a package of casualty coverages that combines insurance against personal injuries, damage to other people's goods, theft, burglary, all-risk coverage on the man's own exhibits, and business interruption insurance to cover the financial loss in the event the convention has to be called off.

A number of convention groups have decided to buy business interruption insurance since they saw what happened in Pittsburgh in 1958. Some 25 or more conventions and trade shows scheduled in October were disrupted by a hotel strike, and some had to be cancelled or moved hastily to other cities. Several groups lost expense money and the revenue they would have gained from renting space to exhibitors.

Another relatively new insurance service offered conventioners is group accident coverage for all delegates and their wives. Some groups include the cost as part of the registration fee. The coverage applies to any accidental injury suffered at the convention city or in traveling to and from the convention. One typical policy offers $5,000 death and dismemberment coverage plus $500 blanket medical insurance for 50 cents a day.

With associations proliferating every day, there is bound to be an increasing demand for all these specialized insurance services. There are now associations for popcorn processors, cat lovers, sand and gravel dealers, cherry pie bakers and even convention bureaus.

Whatever the reason for meeting—from canisters to candidates—insurance men welcome them all in the spirit of the old camp song that goes: "The more we get together, the happier we'll be." ⊙

Orchids for these

CAREER WOMEN

Thousands of them play prominent roles in insurance —from safety engineering to million-dollar sales.

"THE ONLY USELESS life is woman's," Disraeli said in *Coningsby,* but he'd have a hard time proving it today. For in addition to the traditional role of homemaker, in the U. S. some 23 million women have gone into 1,000 different careers, and now make up a third of the nation's labor force.

It takes an observance such as National Insurance Women's Day, May 10, to give proper recognition to the large number of ladies in that field. Most of the year they go unsung, but their jobs are essential to the smooth functioning of the country's fifth largest industry.

Of the 405,000 clerical workers in insurance, 85 per cent are women, and rare is the office that could keep running on schedule if they decided to stay home.

Fewer in numbers but equally vital are the women with interesting and unusual professional positions in insurance—safety engineers, claims adjusters, underwriters, accountants. Women fit into nearly any job a man could hold, and in some jobs they fit a little bit better.

Mary E. Horgan, American Mutual Liability Insurance Company's counselor for women's safety, is one example. She started as a secretary, but when World War II brought women into war plants, and into the industrial accident picture on a large scale, Miss Horgan turned to loss prevention. Today more than 3 million women work in factories, and Mary Horgan is kept hopping, inspecting insured plants throughout New England for safety hazards, seeing that they're corrected, and speaking to women workers on safety and health.

Like safety, selling seems to be a "natural" for many women, and it's one of the relatively few careers in which they can earn as much as men—or more. To the chagrin of male colleagues, the leading sales "man of the year" in more than one insurance agency has turned out to be a woman.

Some 6,000 women are life underwriters. So far 275 have qualified for the Women Leaders Round Table by writing a quarter-million dollars or more of new business annually. One of these is Fannie L. Hoopes, first woman in Alaska to qualify. A widow and a former nurse, she went to Alaska 10 years ago to visit. She never left. With 75 per cent of the population

Life insurance underwriter with a "client"—Irene M. Peterson of Animal Insurance Company and Pepe Le Moko, pedigreed toy poodle. Human life underwriters are more common; 6,000 are women, 165 of them graduate Chartered Life Underwriters.

Everett A. Tatreau

Safety isn't the only interest of Mary E. Horgan, insurance company women's safety counselor. She studied languages and piano before turning to art, has had three exhibits of her work. She has traveled widely in Europe, South America, West Indies.

under 45 and the economy just beginning to boom, Mrs. Hoopes saw a wide-open field for life insurance sales and estate planning. Her first year with Aetna she wrote half a million dollars' volume, upping it to $800,000 by 1958. The 5-foot dynamo, who works 12 to 14 hours a day, figured by then she'd earned a good vacation, and only recently took a seven-month holiday in Hawaii.

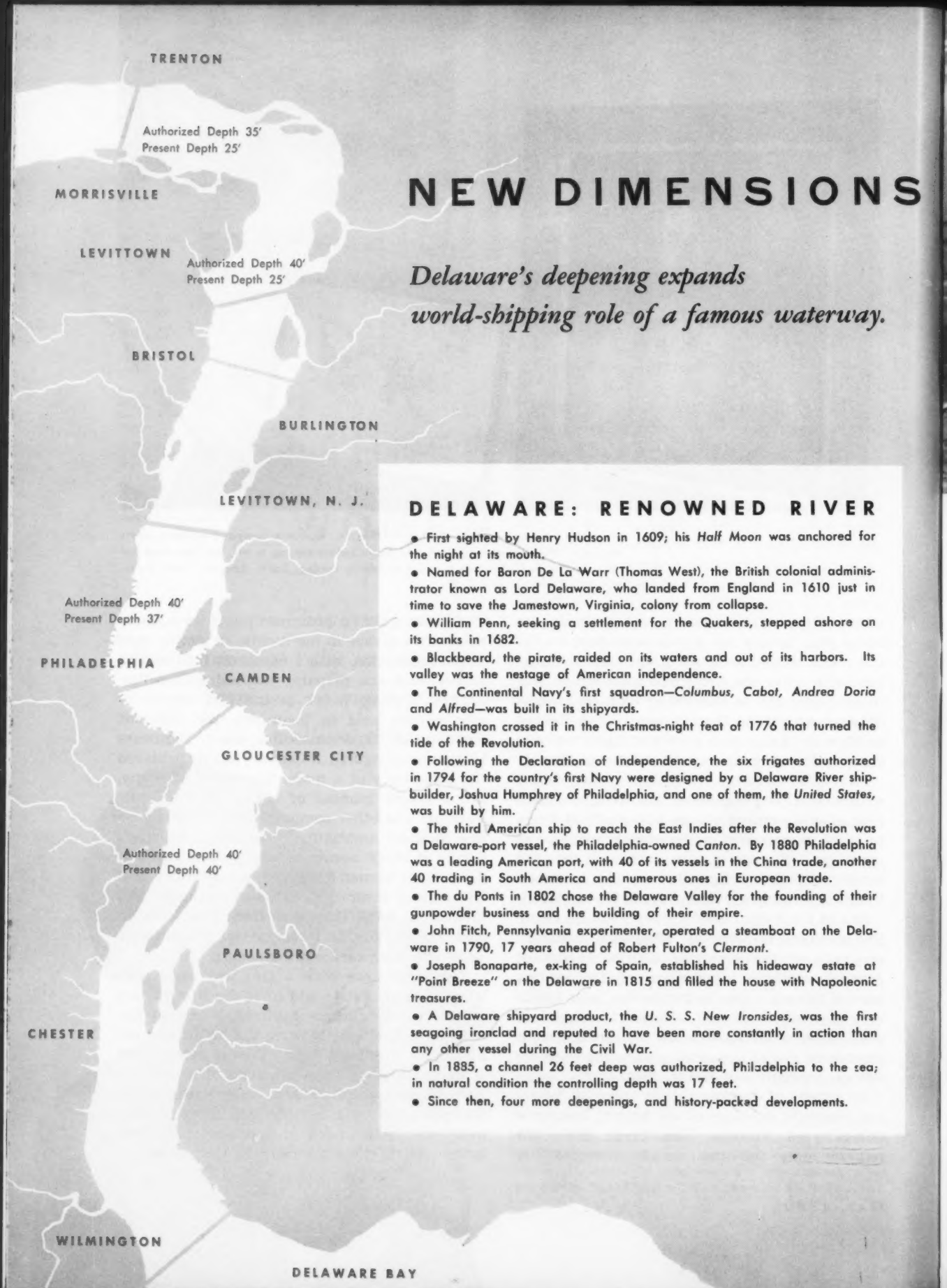
Fire and casualty fields draw fewer career women than life insurance, but hundreds each year attend evening classes and study at home to learn more about underwriting, rating and coverages. Eighty women have earned the coveted C.P.C.U. designation of the American Institute for Property and Liability Underwriters.

One of these Chartered Property and Casualty Underwriters is Alice M. Chellberg, assistant secretary of the American Mutual Insurance Alliance, national association of 106 leading mutual fire and casualty companies. Miss Chellberg also is an attorney, a former president of the Women's Bar Association of Illinois, and is considered one of the country's leading authorities on accident and health insurance.

An expert of another sort is Irene M. Peterson, assistant secretary of the Animal Insurance Company of America, New York. She's the nation's only full-time woman livestock life underwriter. Put a pedigreed puppy or a prize-winning racehorse in her hands—or simply send in an application, with a noseprint for identification—and she prepares the animal's policy.

These are but a few of the vast variety of jobs women hold in insurance—250 different positions in its organization alone, Hardware Mutuals once figured. No woman has yet achieved the presidency of a major insurance company, but a sizable number of lady vice presidents, directors and other company officials turned up in a National Association of Insurance Women's survey of 78,000 women in the fire and casualty field. Many women head their own agencies, and the mutual insurance agents of Arkansas and Mississippi have elected women presidents of their associations. In several states women serve as deputy insurance commissioners.

The ladies have come a long way since 1710, when Dorothy Petty, said to be the first woman to enter the insurance business, hung out her shingle in England "to serve the public and get an honest livelihood." And they're going to go a lot further. With predictions of a steadily rising feminine influx into the business world, insurance men will have to step lively to keep even one jump ahead of the able, ambitious women who'll chose insurance as their career. ⊙



NEW DIMENSIONS

Delaware's deepening expands world-shipping role of a famous waterway.

DELAWARE: RENOWNED RIVER

- First sighted by Henry Hudson in 1609; his *Half Moon* was anchored for the night at its mouth.
- Named for Baron De La Warr (Thomas West), the British colonial administrator known as Lord Delaware, who landed from England in 1610 just in time to save the Jamestown, Virginia, colony from collapse.
- William Penn, seeking a settlement for the Quakers, stepped ashore on its banks in 1682.
- Blackbeard, the pirate, raided on its waters and out of its harbors. Its valley was the nestage of American independence.
- The Continental Navy's first squadron—*Columbus, Cabot, Andrea Doria* and *Alfred*—was built in its shipyards.
- Washington crossed it in the Christmas-night feat of 1776 that turned the tide of the Revolution.
- Following the Declaration of Independence, the six frigates authorized in 1794 for the country's first Navy were designed by a Delaware River shipbuilder, Joshua Humphrey of Philadelphia, and one of them, the *United States*, was built by him.
- The third American ship to reach the East Indies after the Revolution was a Delaware-port vessel, the Philadelphia-owned *Canton*. By 1880 Philadelphia was a leading American port, with 40 of its vessels in the China trade, another 40 trading in South America and numerous ones in European trade.
- The du Ponts in 1802 chose the Delaware Valley for the founding of their gunpowder business and the building of their empire.
- John Fitch, Pennsylvania experimenter, operated a steamboat on the Delaware in 1790, 17 years ahead of Robert Fulton's *Clermont*.
- Joseph Bonaparte, ex-king of Spain, established his hideaway estate at "Point Breeze" on the Delaware in 1815 and filled the house with Napoleonic treasures.
- A Delaware shipyard product, the *U. S. S. New Ironsides*, was the first seagoing ironclad and reputed to have been more constantly in action than any other vessel during the Civil War.
- In 1885, a channel 26 feet deep was authorized, Philadelphia to the sea; in natural condition the controlling depth was 17 feet.
- Since then, four more deepenings, and history-packed developments.

Shull Photo Service

Port of Philadelphia and its environs, America's leading import center, are astir with world-trade plans in the future of the deeper Delaware.

BRIMFUL AS ITS PAST has been, the Delaware River still has the high tide of its history ahead of it.

The portent of that is the deepening of the river now in progress under direction of the U. S. Army Corps of Engineers, with seven contracts totaling $30 million. Four times before, dating back to 1872, the Delaware channel has been deepened to keep pace with national defense and industrial needs. This time it is being blasted and dredged out to a 40-foot channel from the Philadelphia Naval Yard to Newbold Island and, from there, a 35-foot channel to Trenton Marine Terminal. Work was started in November, 1958. Completion date will be 1964.

Cost of the project will be repaid with surprising promptness by federal revenues from the Delaware River Port area. The estimate for the authorized 40-foot channel is repayment in full in two years. The port is the nation's No. 1 in import tonnage. It is also a keystone in the nation's defense arsenal. Its far-reaching influence on the national economy is signalized by the fact that the tidal Delaware flows past more than 8,600 different manufacturing plants which have made Wilmington, Delaware; Camden and Trenton, New Jersey; and Philadelphia and Chester, Pennsylvania, citadels of American commerce and industry.

American insurance is fulfilling one of its most prideful and responsible assignments in underwriting the five contractors handling the seven contracts in the deepening project.

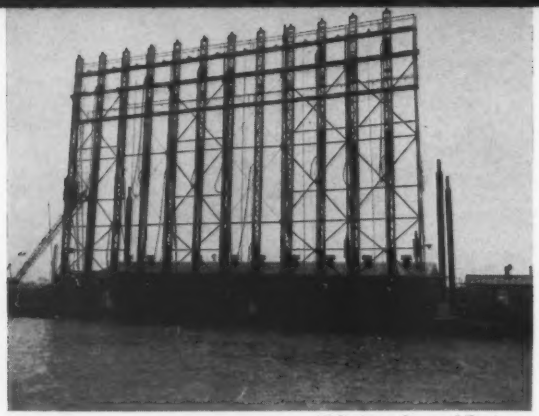
Mutual insurance has one of the most notable portions of the project. That portion is the excavation in the vicinity of Andalusia, the ancestral Biddle mansion, acclaimed as Greek revival at its best among the nation's most famous estates. Lumbermens Mutual Casualty Company, a division of Kemper Insurance, is the insurer on liability and workmen's compensation for Al Johnson Construction Company and Peter Kiewit Sons' Company. Together, the two companies are a joint venture operating as the Delaware River Dredgers under a $5,004,780 contract for the excavation opposite Andalusia and Delanco, New Jersey.

The four other contractors are:

Atlantic Gulf & Pacific Company—$4,280,508 contract for dredging between the Pennsylvania Turnpike Bridge and Roebling, New Jersey.

Glasgow, Inc., of Glenside—$2,598,960 contract for dredging between Beverly and Burlington, New Jersey.

American Dredging Company—$1,579,640 contract for the removal of approximately 404,000 cubic yards of rock and other material from a one-mile section opposite Petty Island.



U.S. Army Corps of Engineers

Drill boat *Hornet*, preparing for the blasting, drills out 12 4-inch blast holes at a time, 5 to 25 feet deep. Holes are spaced 8.33 feet apart, boat moves in 8-foot stage to next drilling site. *Hornet* also is used for placing the charges.

Three photos by Hercules Powder Company

Explosives, brought to drill boat by launch from an isolated storage magazine, are handled in limited loads and with deft care under Coast Guard regulations as part of the protective measures which the contractors and their insurers champion.

New Dimensions for a Great River

$3,481,000 contract for removing approximately 600,000 cubic yards of rock and other material from the channel between Andalusia, Pennsylvania, and Delanco, New Jersey.

$546,550 contract for dredging 850,000 yards from the river between Allegheny Avenue and Penn Treaty Park, Pennsylvania.

American Bridge Division, U. S. Steel—$8,111,920 contract for the superstructure of the rehabilitated Delair, New Jersey, Railroad Bridge. Total cost of this rehabilitation is estimated at $12,500,000.

In effect for these contractors are multi-million dollars of insurance. Encompassed is the whole range of insurance services and resources—workmen's compensation, employers' liability, comprehensive general bodily injury, comprehensive general property damage, excess property damage, boiler and pressure vessel explosion; automobile bodily injury, property damage and comprehensive fire and theft; marine insurance on dredges, tugs and oil barges, and boat crews plus health and accident, travel

From the drilling-rig deck, each hole is loaded with a quantity of dynamite depending upon the depth of the rock, but no more than 800 pounds is ever detonated at one time. That, together with other safeguards, has kept noise complaints to a bare minimum, protected nearby buildings against damages.

Insurance's critical moment in loss prevention when seismographs on both shores record the blast intensity, strictly held well within limits precluding any damage to homes or other shore structures. Every blast gets this surveillance.

and group life and major medical expense insurance for salaried, administrative and clerical employees.

Some nightmarish problems are posed by the loss prevention and safety engineering on a project of this kind. Such precautions and safeguards are paramount in mutual insurance and are stressed by the U. S. Army Corps of Engineers, the contractors and their insurers.

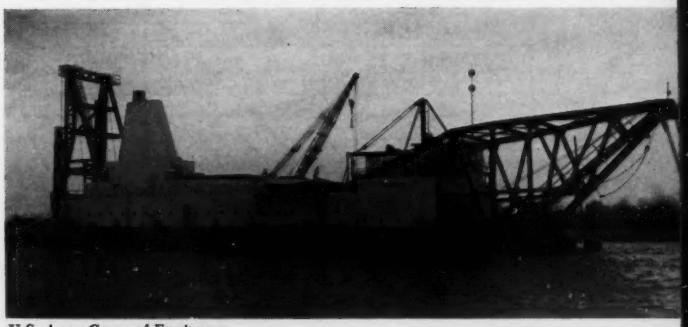
In the Andalusia area, for example, careful surveys were made of homes and other buildings before the start of the work. Also, test charges were first set off in different sections of the river by the Army Engineers. Then, for the whole area, the engineers' strict specifications included the safe limits of charges and required that each blast be monitored with seismographs. All explosives operations, because they take place on a navigable waterway, are subject to the rules and regulations of the U. S. Coast Guard.

If all continues to go well to the end of the project, one million cubic yards of river rock will have been blasted loose and removed in the heart of the highly industrialized and thickly populated Delaware Valley without damage to homes, other buildings and installations. Thus, with the opening of the 40-foot channel above Philadelphia, coupled with other navigational improvements, the Delaware River will be an international port approximately 133 miles long operating 24 hours a day for modern large vessels from countries around the globe. ⊙

Seismograph crew of Vibration Engineering Company of Hazleton, Pennsylvania, a key unit in loss-prevention vigilance, cruises to its station prior to each blast after being notified via radio by blasting foreman. The blasting and recording are synchronized by radio.

Vibration Engineering Company, Inc.

Andalusia, the historic Biddle mansion, and other Delaware shoreline structures are coming through untouched and unharmed, fully protected by the tight precautionary measures enforced by the contractors, insurers and Army Engineers.

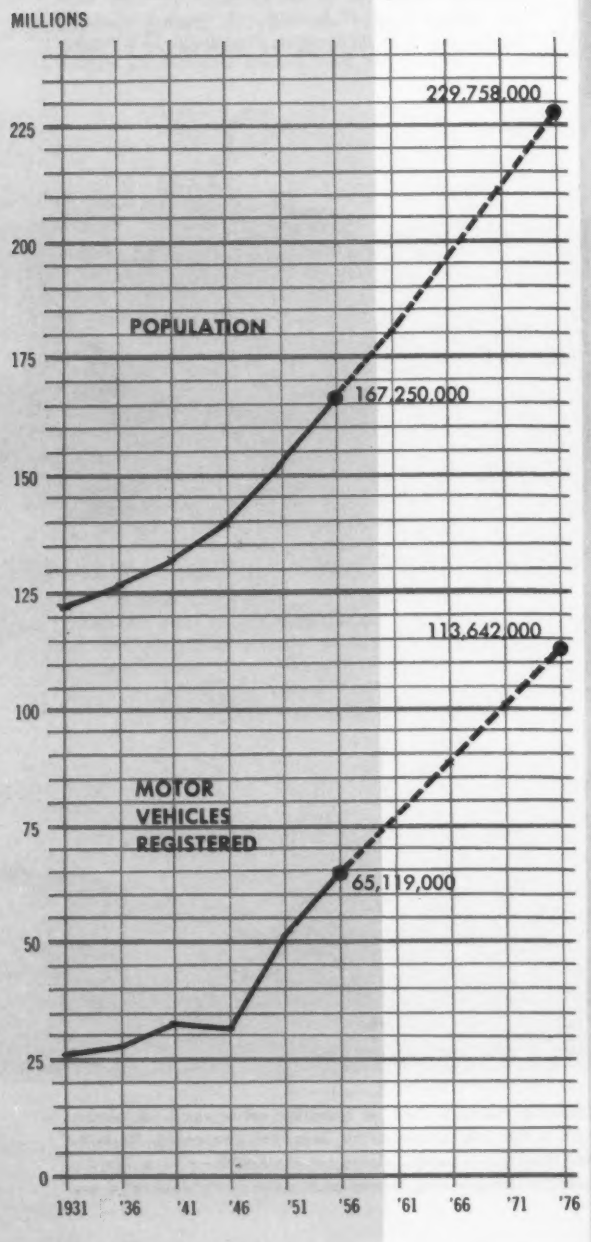


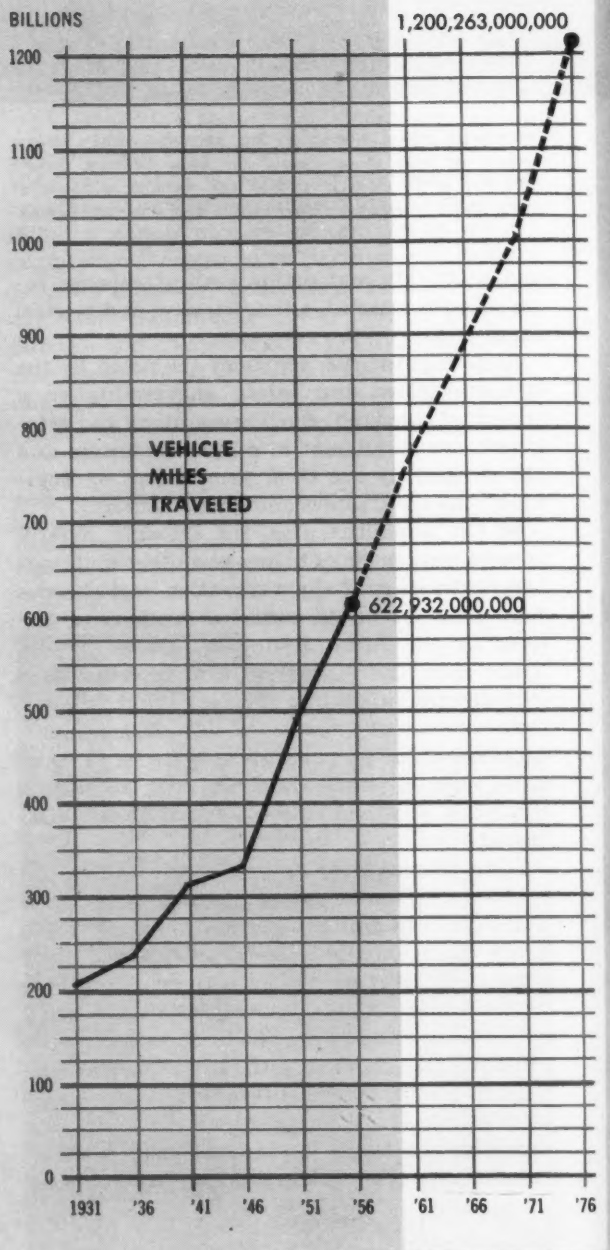
U.S. Army Corps of Engineers

Cleaning the river bed of 1 million cubic yards of blasted rock is the final phase in the Delaware deepening. Here the new dredge, *Alameda*, clears out the heavier pieces. Pipeline dredges are pumping smaller stuff ashore into disposal areas.

Population boom portends a continued climb in auto insurance losses.

MORE PEOPLE, CARS AND MILES • H





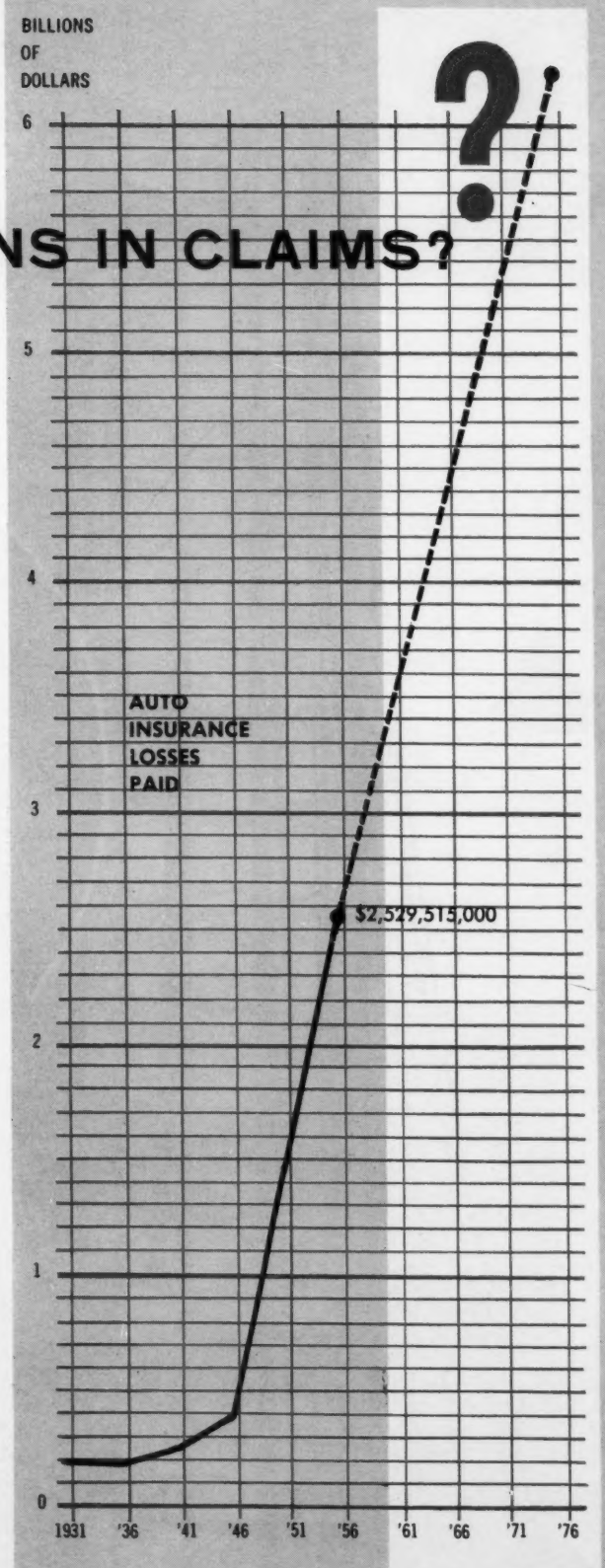
HOW MANY BILLIONS IN CLAIMS?

HERE'S A SHOCKER for drivers and auto insurers alike: Personal injury and property damage losses from auto accidents may well cost the nation $6 billion in 1976. That's the unhappy story implied in the figures on these pages.

America's insurance companies will be prepared to soften these astronomical accident costs—if and when they come to pass—just as the industry today provides coverages for well in excess of $2 billion in annual losses. But insurance protection, while important, is not a cure for our critical traffic accident problem, and can't forestall these mounting losses to the U. S. economy.

There *are* solutions, which at the same time would reduce the public's insurance costs and the industry's losses. Billions currently programmed for highway construction must be tripled if we are to keep traffic moving in 1975, says one expert. Laws and law enforcement must be made tougher to remove irresponsible drivers from our steadily-more-congested and faster-traveled roads.

Probably the most difficult task is reorienting the thinking of the driving public. "Full-time accident-consciousness by most drivers," says one traffic official, "is the essential weapon against that $6 billion projected loss figure." ⊙



NOTE: Automobile bodily injury and property damage liability and physical damage losses paid as reported by The Spectator. Source for other figures: Bureau of Public Roads, U. S. Department of Commerce.

←
Parachute jump at Chicago's Riverview Park is 220 feet high, has never caused a serious injury since it was built in 1936. Once when a chute caught near the top, hundreds of thrill-seekers showed up to demand a ride. All wanted the torn chute.

→
Cincinnati's Coney Island Park is a galaxy of light as summer nights start the turnstiles clicking. Good maintenance and frequent inspections by insurance safety engineers have helped to make it one of the model parks to be studied for safety ideas.

HAIR-RAISING—BUT SAFE

Amusement parks and their insurers are vigilant in safeguarding those breath-taking thrillers.

"THE IDEA of this business is to convince the fellow who is out for a thrill that he's going to get killed—and then see to it that you don't touch a hair on his head."

Guided by this startling philosophy, Chicago's William Schmidt and other owners of the nation's 1,500 amusement parks and kiddylands will open their gates this month to chill, thrill and entertain 100 million visitors by Labor Day.

Providing thrills without hazards is serious business for park owners and their insurance companies. Although the season lasts only about 100 days in mid-summer, big parks such as Disneyland, Chicago's Riverview and Coney Island's Steeplechase work year-round to make their spine-tingling rides as safe as they are exciting.

Most get substantial help in their safety programs from insurance safety engineers, who personally inspect every ride. At Riverview, an insurance safety engineer and a crew of Chicago city inspectors have spent the past two months working with the park's maintenance staff to test 72 acres of roller coasters, water chutes and other equipment in the multi-million-dollar enterprise.

The climax of their efforts will come next week at a shakedown inspection of every ride in the park, with each car carrying a double load of sandbags and lead weights. After the May 13 opening date, the insurance engineer will return every Thursday for Riverview's weekly test of all brakes, and will make a number of unannounced inspections throughout the season.

At Coney Island, an insurance company employs two engineers, a registered nurse and a full-time claims adjuster to supplement the efforts of amusement operators and New York City's Department of Buildings.

Most parks carry well over $100,000 in liability coverage on each ride to protect themselves against mishaps involving the public. In addition, the buildings, concessions and rides are covered against fire, lightning, windstorm and other hazards throughout the year.

In the event a major ride such as a roller coaster is put out of action by fire, windstorm

or other catastrophe, the park also could be reimbursed for the loss of income under a business interruption policy. Riverview considers this insurance particularly important because of the peculiar nature of the business. Most of the 12 million rides taken annually at Riverview are sold in about 75 days of good summer weather, with the Labor Day, Memorial Day and Fourth of July weekends often spelling the difference between a profit and loss for the year.

Park owners pool their liability risks—and their safety knowledge—through the Association of Amusement Parks, Pools and Beaches, a trade group that includes about 300 of the nation's biggest and most progressive parks. In 1958, the association enlisted the aid of the National Safety Council in a vigorous campaign against amusement park accidents, which were costing each park an average of $26,500 a year in liability claims and premiums.

A survey showed many of the accidents were being caused by temporary summer employees —a chronic problem with a seasonal business.

"A couple of years ago, we had a rash of accidents on miniature train rides," recalls John Bowman, executive secretary of the association. "Our Safety and Insurance Committee checked and found some hot-rod drivers were running the trains wide open on the curves, causing some nasty spills."

As a result of such incidents, the association and its insurance carrier urge strongly that all parks hire mature employees and keep them on their toes with constant safety training. The campaign already has begun to pay off.

Every ride at Riverview is tested each spring by a crew of city inspectors and insurance safety engineers, who first go over wooden structures with little picks to probe for decay.

More than a dozen parks participating in the safety program had not a single liability claim last year, and several others improved their records substantially. As a result, parks taking part in the association's group liability insurance plan received a five per cent rate reduction for 1960—despite a 25 per cent increase in the base rate for liability coverages.

"This year we're going to spend some time studying the better parks to find out how they achieved their good safety records," says Bowman. "Then we'll pass the information along through our weekly news bulletins and the insurance company's safety engineers."

One park with an excellent safety record is Disneyland, which has a full-time safety engineer of its own and a well-planned training program for all employees. Operators of all waterway rides, for example, must have lifeguard certificates, and are given refresher courses twice a week on using resuscitators and other water safety equipment. A crew of 17 scuba divers trained by the Los Angeles Water Safety Council keeps the underwater animation in top condition.

Ferris wheel is a perennial favorite at San Diego's Belmont Park, which benefits from Southern California's year-round warm weather. Most parks are open only 100 days in summer.

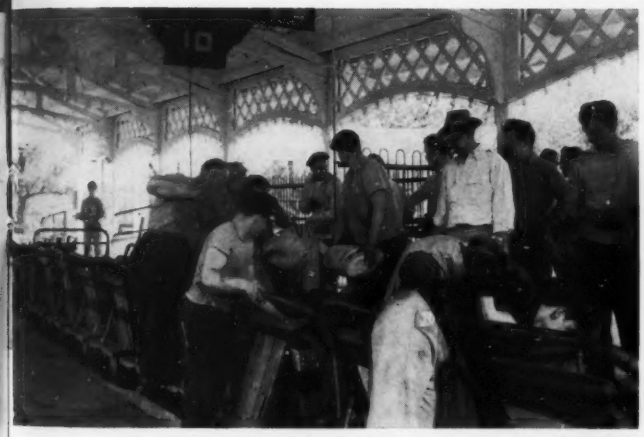
Eli Bridge Company

"Most of our accidents are caused by inadvertence on the part of guests," says Disneyland's vice president, Joe Fowler. "Sometimes they back off one of the loading docks while taking pictures, but permanent injuries in this area have been practically nil."

Some of the devices amusement parks use to keep thrill-ride patrons from hurting themselves are downright ingenious. Many of those in use throughout the industry were invented by Riverview's Bill Schmidt, who grew up in the park and earned degrees in both electrical and mechanical engineering to prepare himself to run it.

Schmidt frustrates speed demons on the midget auto track by using hidden trip wires at 18 points along the course. If the track operators see a youthful motorist acting up, they push a button as the car passes over one of the wires. The wire flies up and neatly engages a trip switch underneath the car, cutting off the gas supply, locking the brakes and thwarting the show-off.

Roller coasters carry among the lowest liability insurance rates of all amusement rides, thanks to virtually foolproof safety guards. Among the highest rates are those paid on ponies.



Just before opening day, roller coasters are given a shakedown test with double load of sandbags. It's a strict rule at Riverview that operators check their rides every morning.

Of all his inventiveness, Schmidt is proudest of the advanced engineering that went into Riverview's seven roller coasters. The newest, built at a cost of nearly $500,000, sends four trainloads of passengers hurtling simultaneously through a series of dizzy turns, dips and tunnels at a hair-raising 70 mph.

Every brake and control on the entire roller coaster system is operated by electrical relays from a central control tower, but safety does not depend on the tower operator's vigilance alone. Timed block signals and automatic air brakes give each track absolute "dead man" controls. Should the tower man leave his post, or the power supply fail, all brakes would go on automatically and every train would stop—without bumping into each other.

Schmidt devised the automatic system following a collision of two roller coasters in 1937 that resulted in 52 lawsuits. There hasn't been a collision since, but Schmidt is taking no chances on other mishaps. To keep show-offs from standing up in the speeding cars, a locking safety bar has been designed to fit across the passengers' laps.

As a result of such safety precautions throughout the park, Riverview's accident rate has dropped from 4.83 injuries per 100,000 persons admitted to the various rides in 1935, to fewer than 0.70 today—a record that has earned Schmidt a top safety award from the National Safety Council, and lower liability rates from his insurance company.

For the amusement park industry as a whole, safety records indicate a day on the midway involves about the same degree of risk as shopping in a modern department store.

With the aid of insurance engineering and an alert trade association, the nation's amusement park owners hope to keep on providing thrills to suit every taste—without hazards. ⊙

Wide World

Net premiums paid on reinsurance ceded to abroad

(millions of dollars)

	1951	1952	1953	1954	1955	1956	1957	1958
All areas	147.2	152.9	170.6	212.7	207.1	207.9	234.2	241.8
Western Europe, total	143.4	148.6	165.4	207.6	201.8	201.5	225.6	233.0
Switzerland	12.6	15.3	17.4	17.0	16.1	16.6	18.0	20.4
United Kingdom	127.7	129.3	143.4	187.6	180.6	177.7	201.3	205.1
Other	3.1	4.0	4.6	3.0	5.1	7.2	6.3	7.5
Canada	2.2	2.0	2.2	2.1	2.2	2.4	2.9	3.3
Latin American Republics	1.3	1.6	2.1	1.5	1.7	1.9	3.0	2.8
Other Countries	.3	.7	.9	1.5	1.4	2.1	2.7	2.7

British Information Services

Net premiums received on reinsurance assumed from abroad

(millions of dollars)

	1951	1952	1953	1954	1955	1956	1957	1958
All areas	18.1	21.4	28.3	29.2	33.0	38.6	48.0	54.5
Western Europe, total	10.2	11.1	14.1	15.7	16.9	20.0	26.8	31.0
United Kingdom	8.1	8.4	10.8	12.1	12.1	13.3	15.8	17.9
Other	2.1	2.7	3.3	3.6	4.8	6.7	11.0	13.1
Canada	3.0	3.5	4.2	4.1	5.3	8.8	9.4	9.0
Latin American Republics	3.4	3.7	7.3	6.3	7.3	7.0	8.3	10.8
Other Countries	1.5	3.1	2.7	3.1	3.5	2.8	3.5	3.7

Swiss National Tourist Office

NEW HIGHS IN WO

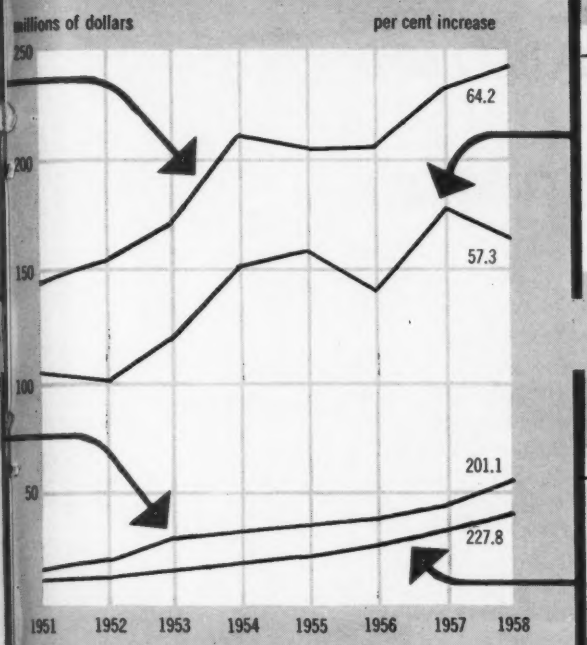
International risk-sharing extends reinsuranc

HAPPILY, the international climate is improving—at least so far as the insurance industry is concerned. Evidence of that is the volume of reinsurance transacted between American companies and those abroad as summarized in the accompanying chart.

Two significant trends since 1951 have been: (1) the growth of American reinsurance on foreign risks, and (2) the relatively small proportion of American premiums sent overseas. American reinsurance written for foreign carriers has more than tripled for the period shown.

Three key points in global reinsurance transactions: New York insurance district, at top; Lloyd's of London, with famous Lutine Bell which is still rung to indicate ship losses and arrivals; and Zurich, Switzerland.

FOREIGN REINSURANCE TRANSACTIONS OF U. S. INSURANCE COMPANIES



Recent growth in foreign reinsurance has brought a 201 per cent increase in premiums entering U. S. and 64.2 per cent climb in premiums paid to companies overseas.

Losses recovered from abroad on ceded reinsurance
(millions of dollars)

1951	1952	1953	1954	1955	1956	1957	1958	
106.8	100.7	119.8	153.6	160.0	146.3	179.5	168.1	All areas
103.5	97.2	115.6	149.9	155.8	141.5	172.6	160.7	Western Europe, total
6.7	11.3	13.9	13.7	12.1	13.8	14.6	16.0	Switzerland
95.7	83.7	99.3	133.3	140.4	124.2	153.0	138.5	United Kingdom
1.1	2.2	2.4	2.9	3.3	3.5	5.0	6.2	Other
2.7	2.5	2.5	2.3	2.2	2.8	3.4	2.7	Canada
.5	.6	1.0	.7	1.2	1.0	1.9	2.2	Latin American Republics
.1	.4	.7	.7	.8	1.0	1.6	2.5	Other Countries

Losses paid to abroad on assumed reinsurance
(millions of dollars)

1951	1952	1953	1954	1955	1956	1957	1958	
12.2	13.2	17.4	19.4	21.9	27.7	32.1	40.0	All areas
6.9	7.6	10.5	10.9	13.1	17.9	18.9	23.6	Western Europe, total
5.3	6.0	7.8	8.3	10.0	12.3	11.7	14.3	United Kingdom
1.6	1.6	2.7	2.6	3.1	5.6	7.2	9.3	Other
1.8	2.1	2.3	3.2	3.3	5.4	7.4	5.7	Canada
2.2	1.9	2.8	3.9	3.1	3.1	4.1	8.1	Latin American Republics
1.0	1.6	1.8	1.4	2.4	1.3	1.7	2.6	Other Countries

Source: U. S. Department of Commerce Office of Business Economics

WORLD INSURANCE AFFAIRS

reinsurance services on the world scene.

Meanwhile, American premiums transferred overseas via reinsurance have increased slightly less than 65 per cent.

"Reinsurance," says the president of a major U.S. mutual reinsurance company, "is the wholesale division of the insurance industry. We insure other insurance companies, rather than underwriting the public directly."

That's a practical explanation of a sometimes misunderstood phase of the insurance business, which is in essence merely another method of distributing risk. One company covers—or "reinsures"—a part of the risk of a policy issued by another carrier, receives part of the premiums paid for the protection provided and pays a part of losses incurred under the policy.

Reinsurance, foreign and domestic, is provided both by companies which deal directly with the insuring public and by special firms. The practice of reinsuring liability is followed in the fire, casualty, marine, surety and life branches of the insurance industry. It is more highly developed in some lines than others, particularly those which involve unusually high coverages and/or catastrophe hazards. Examples of these are airline, ocean liner and atomic industry coverages.

The total of $241.8 million in American premiums ceded to foreign companies in 1958 is augmented by some unreported transactions estimated to be "possibly several millions of dollars." Even so, it remains clear that the vast amount of America's $32 billion in annual premiums written for all lines of insurance is retained—either directly or through reinsurance—in American companies. ⊙

These restorations recapture two centuries

of history portrayed by LANDMARKS

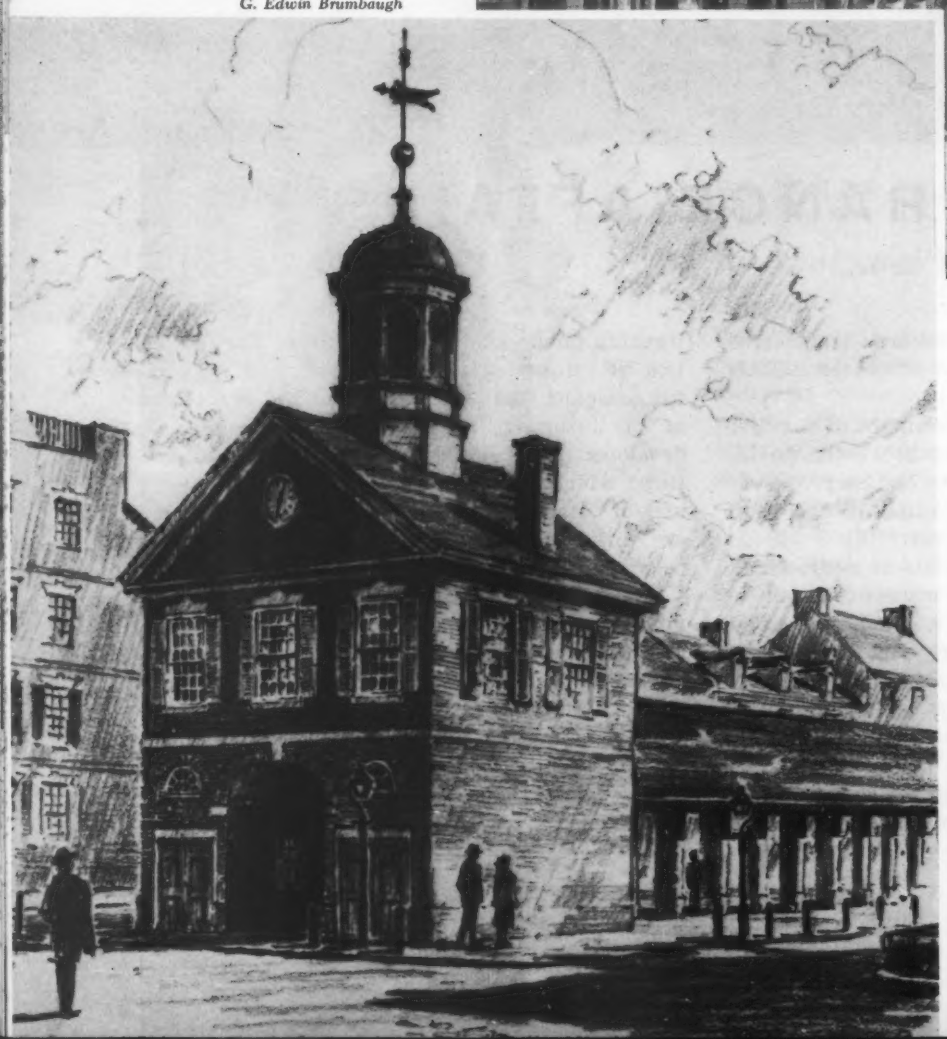
IN MUTUAL INSURANCE

FIRES RATE as a major national calamity exceeding a billion dollars a year.

Not surprisingly, some of the nation's brightest history glows out of fires, fire fighting and fire insurance over the past two centuries. Unforgettable chapters of that history are now being enshrined in the restoration of homes and buildings on the Philadelphia scene, birthplace of the U. S. A.

Historic Head House, a restoration project of the city of Philadelphia, was built in 1804 to house two of the earliest

G. Edwin Brumbaugh

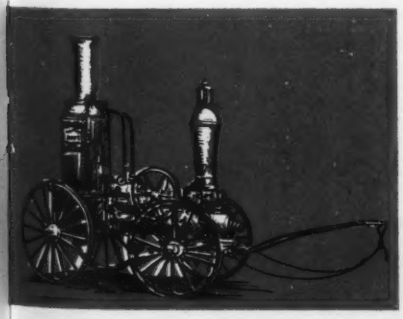


Head House, being restored as an 1804 landmark, housed two of the nation's earliest volunteer fire companies, famous in Franklin's career. The original old bell still hangs in the cupola.

Hope Hose Company, of Head House fame, prided itself on this man-drawn steam engine. Franklin, urging still more protection, plugged hard for public pumps to furnish more water for the engines.

Gray & Rogers

Restored colonial home now owned by L. M. Robbins bears the hand-in-hand firemark, attesting that it is now insured in Franklin's company, Philadelphia Contributionship, just as it was in 1772.



volunteer fire companies of America—Fellowship Fire Company and Hope Hose Company. Head House is being painstakingly restored as one of the finest remaining examples of late colonial architecture. G. Edwin Brumbaugh is architect for the restoration.

Private restoration of nearby homes in the Society Hill section of Philadelphia is enriched with the fame of Benjamin Franklin and of fire insurance in the U. S. as exemplified by the oldest active company, the mutual Philadelphia Contributionship for the Insurance of Houses From Loss by Fire.

Fellowship Fire Company, of Head House fame, was founded on January 1, 1738, as the second in Philadelphia. Its prototype was Franklin's company, the Union, organized in 1736, and serving with fire-fighting distinction for more than 84 years.

When Franklin and his contemporaries organized the Union volunteer department in 1736 and the Fellowship in 1738, fires had already become a public problem. There were only about 700 dwelling houses in Philadelphia, and while fires were not numerous, they were unnecessarily destructive.

Franklin and his cohorts militated against the menace with lasting effect, for Philadelphia has never had a disastrous fire.

Franklin's fire crusading also brought out his famous "ounce of prevention" maxim in a letter which he wrote and published about 1735 with considerable public effect: "In the first place, as an ounce of prevention is worth a pound of cure, I would advise how they suffer living brands-ends or coals in a full shovel to be carried out of one room into another or up and down stairs, unless in a warming pan and shut; for scraps of fire may fall into chinks and make no appearance until midnight; when your stairs being in flames, you may be forced (as I once was) to leap out your windows and hazard your necks to avoid being over-roasted."

Fire insurance was not long in evolving from Franklin's abundant common sense on fire prevention, coupled with his talents for inventions such as the safe and efficient Franklin stove.

On April 13, 1752, he and other prominent men organized the mutual Philadelphia Contributionship. The company operates today at 212 South Fourth Street, Philadelphia, as the oldest active insurance company in the U. S.

Among the many homes in the Society Hill section with history-linked insurance in the Contributionship is the old colonial rowhouse restoration at 328 South Third Street. Built in 1772 by carpenter John Piles, and restored by Robert Trump, it is now owned by Lewis M. Robbins, Haddonfield, New Jersey. Piles, the original owner, insured it in the Contributionship for what today would be about $500. Robbins, the present owner, has it covered with a modern mutual policy in the Contributionship, as attested by the Contributionship's hand-in-hand fire mark between the windows in the second-story section. ⊙

CONVENTION CENTENNIAL

COME WHAT MAY at this year's nominating conventions, the month of May and the city of Chicago will be forever memorable in the chronicles of the Republic's political parties.

One hundred years ago, on May 18, 1860, Abraham Lincoln was nominated for the presidency by the Republicans, convened in Chicago's temporary convention hall known as the Wigwam. It was primitive, indeed, compared with the spectacular Exposition Center now nearing completion on Chicago's lake front but not quite ready for this year's Republican convention.

No less than nine other political conventions are historical in May of past years, although the month has now been superseded by June, July and August as the national rallying time for Republicans and Democrats.

With its new Exposition Center, Chicago is in no danger of forfeiting its honors as the crown city of presidential nominees. Counting this year's convention of the Republican party, 23 of 53 major national party conventions have been held in Chicago. Philadelphia is second with seven, starting with the national convention of the Republicans in 1856. St. Louis claims five; Baltimore and Cincinnati, three each; Cleveland, Kansas City, New York and San Francisco, two each, and Charleston, South Carolina; Denver, Houston and Minneapolis, one each.

When Lincoln was nominated 100 years ago this May, shaves in Chicago had just gone up from 5 cents to 6 cents, haircuts were 12 cents as compared with the former 10, and shampoos were 25 cents. Center of the population for the 31½ million inhabitants of the country in 1860 was still far eastward of Chicago—20 miles southeast of Chillicothe, Ohio. Industrially, a salary of $3 a week for skilled workmen was being strike-protested by women shoemakers in Lynn, Massachusetts, following the introduction of new machinery into that industry.

As one component of national history, mutual insurance in the 1860's was already famously along in its second century—"its principles had been proved, its growth had been sound, and it stood on the threshold of unprecedented expansion." Benjamin Franklin, founder of mutual insurance in 1752, had been departed from the American scene for 70 years, but in the meantime mutual insurance had spread to Illinois and beyond. An Illinois company, the Addison Farmers' Mutual Insurance Company, Elmhurst, founded in 1852, is now one of the 164 mutual companies in existence for 100 years or more.

Today, according to figures for the most recent year's business (1958), there are 2,247 mutual property insurance companies and 200 mutual casualty companies in the U. S., with paid net losses for the year of $1½ billion and surplus to policyholders of $1.9 billion. ⊙

Chicago Historical Society

In May, 1860, Abraham Lincoln was nominated for the presidency in this Wigwam at the Republican National Convention.

MAY'S FAMOUS PRESIDENTIAL NOMINEES

May 21, 1832 President Andrew Jackson for a second term; Martin Van Buren, Vice President; Democrats, Baltimore.

May 20, 1835 Martin Van Buren, incumbent Vice President, for President; Colonel Richard M. Johnson, Kentucky, Vice President; Democrats, Baltimore.

May 5, 1840 President Van Buren for a second term; vice presidential candidate left to state electors; Democrats, Baltimore.

May 1, 1844 Henry Clay, Kentucky, for President; Theodore Frelinghuysen, New Jersey, Vice President; Whigs, Baltimore.

May 29, 1844 James Knox Polk, Tennessee, for President; Silas Wright, New York, Vice President; Democrats, Baltimore.

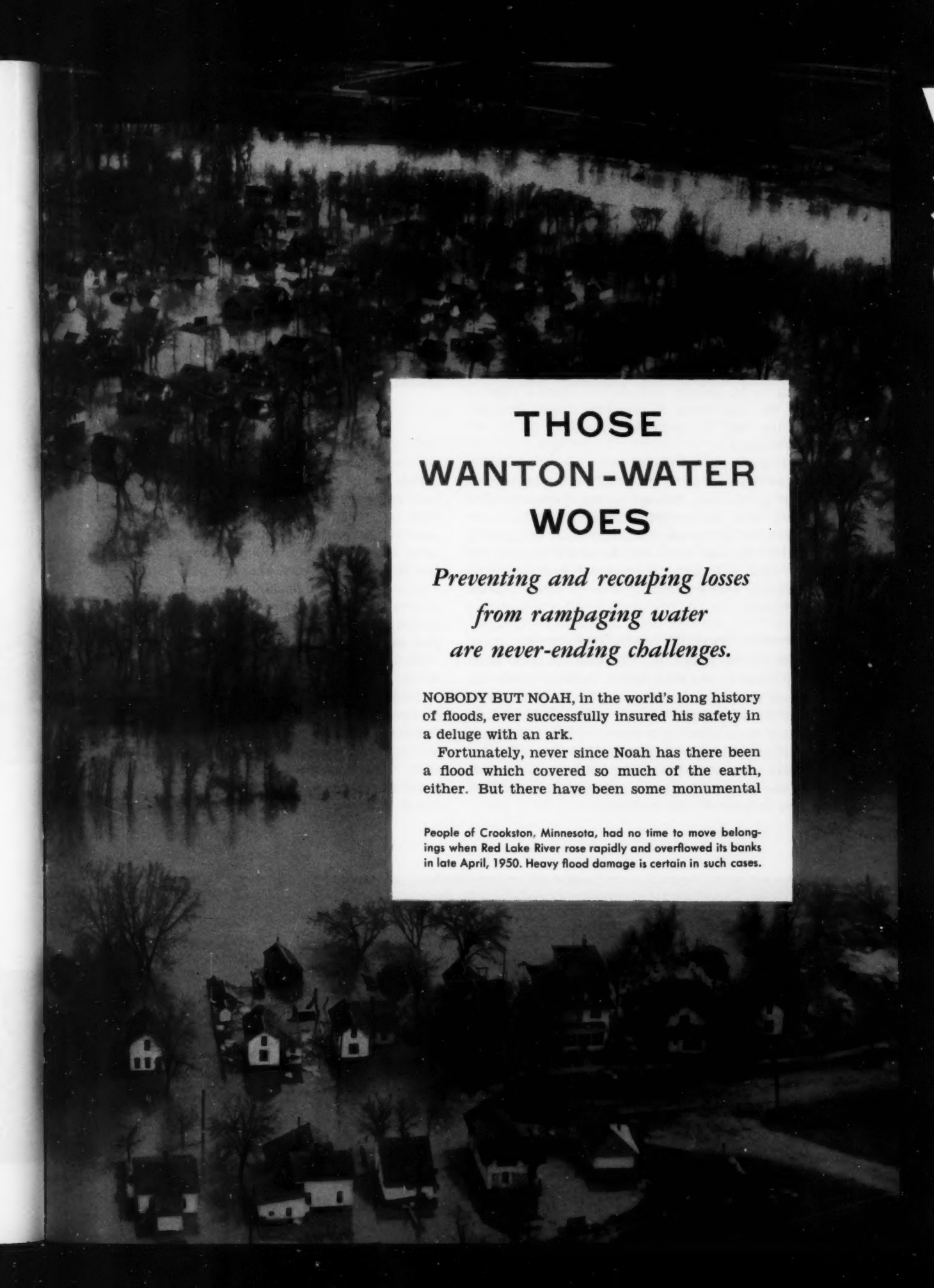
May 26, 1848 Lewis Cass, Michigan, for President; William O. Butler, Kentucky, Vice President; Democrats, Baltimore.

May 9, 1860 John Bell, Tennessee, for President; Edward Everett, Massachusetts, Vice President; Constitutional Union party, remnants of Whig and American parties, Baltimore.

May 18, 1860 Abraham Lincoln, Illinois, for President; Hannibal Hamlin, Maine, Vice President; Republicans, Chicago.

May 20, 1868 General Ulysses S. Grant, for President; Schuyler Colfax, Indiana, Vice President, Republicans, Chicago.

May 1, 1872 Horace Greeley, New York, for President; B. Gratz Brown, Missouri, Vice President, Liberal Republicans. Cincinnati.



THOSE WANTON-WATER WOES

Preventing and recouping losses from rampaging water are never-ending challenges.

NOBODY BUT NOAH, in the world's long history of floods, ever successfully insured his safety in a deluge with an ark.

Fortunately, never since Noah has there been a flood which covered so much of the earth, either. But there have been some monumental

People of Crookston, Minnesota, had no time to move belongings when Red Lake River rose rapidly and overflowed its banks in late April, 1950. Heavy flood damage is certain in such cases.

ones. Millions of lives have been lost, and billions of dollars in property, for nothing halts water when it goes on its stunningly regular rampages.

With all his technical progress, man has not learned to prevent floods. He has, through dikes and dams, dredging and rechanneling, achieved a degree of flood control unequaled in history. Better flood forecasting and rescue work have cut the average annual flood death toll in the U.S. to 86; seldom nowadays is there a disaster of the magnitude of the Johnstown, Pennsylvania flood 71 years ago this May 31. It left 2,200 dead.

From repeated tragic experience people also have learned some methods of minimizing, if not preventing, damage to their property. But they have not learned enough, for dollar losses from floods become constantly more staggering. Direct damage alone was $1 billion in 1951 and in 1955, not including indirect losses such as business interruption or costs of rehabilitating property.

Insurance Urged for Future Flood Losses

After the disastrous '55 floods in New England and on the West Coast, demands arose for flood insurance to help cushion such losses in the future. It wasn't the first time; after nearly every flood there is a flurry of interest in insurance, though it usually dies down in dry years after a flood. This time the cry came even to the floors of Congress, and national attention was focused on the problem.

Certainly the problem had been faced before by the insurance industry. For to alleviate the effects of any disaster, no crash program of emergency relief or charity after the storm can take the place of self-protection, through insurance, planned beforehand. Yet flood insurance is virtually unavailable in most parts of the country—for good reasons.

It simply is not feasible, insurers have long believed. First, it is virtually impossible to adequately spread the risk when dealing with floods, and this is the essential basis of all insurance.

To insure against fires, a company simply needs to cover a sufficiently large number of buildings, and know their fire prevention and protection facilities. The odds are—and the company knows the odds from long underwriting experience — that no more than one, or 10, or 50, will have a fire in a typical year. The premiums of all then cover the losses of the few.

But flood waters strike whole towns, whole

Almost no part of U.S. is free from flood. Here, water from Coeur d'Alene River runs in streets of Kellogg, Idaho. The Columbia River basin had severe floods in 1948, 1955 and 1956. Ohio Valley has had worst loss of life over past 30 years, almost a fourth of 2,400 victims. This year, 10,000 people were driven from their homes when worst flood in years hit central Florida in March. Midwest had bad spring floods too.

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Helplessness, human tragedy are reflected as Sonora, Texas, residents watch water rise in their homes. Annual U.S. flood deaths have been cut to 86, but many still lose all they own.

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Worst flood losses in U.S. this century have been in Missouri River basin, including billion-dollar damage at Kansas City in 1951. In '52 the "mighty Mo" flooded again, here in Iowa.

river valleys. An insurer knows that all of its risks there probably would be damaged or destroyed, and it could be out of business. Where floods occur regularly—where many would buy flood insurance, every risk is a likely loss. Yet where floods seldom or never occur, in the high, dry areas, probably no one would buy flood insurance. So the insurer would have little chance of balancing off bad risks with good.

To Cover Big Losses, Rates Must Be High

This creates a second problem. Since only people likely to suffer losses would buy flood insurance, actuarily sound rates would be so high few could afford coverage. Many companies which once included flood coverage in homeowners policies and personal property floaters faced this problem after heavy losses, and had to exclude it. Insurers covering hurricane damage along the southern Atlantic coast likewise lost so much money on water damage, yet were refused rate increases by regulatory officials, that they had to exclude it from policies, leaving people unprotected on that hazard.

Third, lack of necessary data has kept insurers from even trying to write flood insurance. It has been suggested that if a company could insure selected properties in widely separated river basins throughout the country, it might be able to achieve the necessary spread of risk—but there has never been adequate data on flood frequency rates. Such studies are now being made in some areas, but there still are no acceptable formulas for figuring damage frequency, severity, or other things an underwriter would have to know. Compiling such data on a nationwide basis would be so complex and costly no insurer could undertake it.

For these reasons, most insurers agree, flood insurance doesn't seem possible, let alone profitable.

The 84th Congress, while sympathetic to the

Photos by Soil Conservation Service, USDA

Waves surged through streets of Stafford Springs, Connecticut, and many other towns in August of 1955, as Hurricane Diane whipped torrential rains across New England. West Coast floods in December raised 1955 flood damage to $1 billion for second time in four years, and set off demands for flood insurance to cushion such losses. More than 300 died in the '55 floods, showing need for better forecasting, flood control.

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needs of the flood victims of '55, also recognized the insurance industry's problems. So it set in motion a unique, co-operative program by which the government and private insurance would work together to provide protection for people in flood-prone areas.

Under the Federal Flood Insurance Act of 1956, a Federal Flood Indemnity Administration was established to draw up the program in co-operation with the insurance industry.

U.S. Would Offer Insurance, Subsidize It

Core of the program they recommended was direct government insurance, to a total of $7½ billion, to indemnify property owners for damage caused by floods, the water component of hurricanes or other types of water. A business could buy coverage up to $250,000, a homeowner up to $10,000. Policies would be sold and serviced by established insurance companies, but the government, biggest nationwide "company" there is, would cover all losses. To keep rates marketable, the government also would subsidize up to 40 per cent of the premiums; so the purchaser would pay $1 to $2.50 per $100 coverage on most property, up to $12 per $100 on extra-hazardous property such as piers or waterfront amusement places.

Before it got started the program bogged down. Some states balked at Congress' decision that they should match federal premium subsidies and enact zoning laws restricting construction in river flood-plains. Critics charged the FFIA with "bureaucratic delay," and the House Appropriations Committee refused to approve any funds. So the entire program was "mothballed." It never has been resurrected.

Originally, sponsors of the program hoped that after five years or so, experience would show it is possible to write flood insurance on a large scale. Then the government would gradually withdraw from the plan and the nation would have a commercial flood insurance program in operation. However, since FFIA was laid aside, no such experience or actuarial data has been collected, and the country is as far from having a full-fledged flood insurance program as ever.

Two developments since the shelving of FFIA, though, give some hope that eventually a way may be found to provide flood insurance. One was the establishment in 1957 of National Flood Underwriters, Inc., in Kansas City. The reciprocal exchange covers only commercial risks. Premiums over a 10-year period amount to 100 per cent of the total risk, and coverage each year is equal only to the amount paid in by then, so the program actually is simply a funded self-insurance plan for subscribers. But, in Kansas and Missouri, which have suffered the most expensive floods in history, the group could accumulate data on flood losses and loss prevention which could be of much value to all insurers seeking to write flood coverage.

The second development is a study undertaken by Stanford Research Institute, Menlo Park, California, for the U. S. Soil Conservation Service, to develop a formula for measuring flood damage. The SCS needs such a formula to compute the economic need for contemplated flood control projects, but it could be of great import, too, to insurers.

SRI determined from a study of more than 5,800 residential damage reports, in floods of up to 40 inches depth, that the three most important factors in computing flood damage are, in this order:

1. Depth of the water invading a building.
2. Value of the contents of the building.
3. Value of the building itself.

Damage formulas used by the Corps of Engineers and others generally have considered the third factor the most important, but SRI found that from the standpoint of economic loss, the first two, and particularly the first, are much more so.

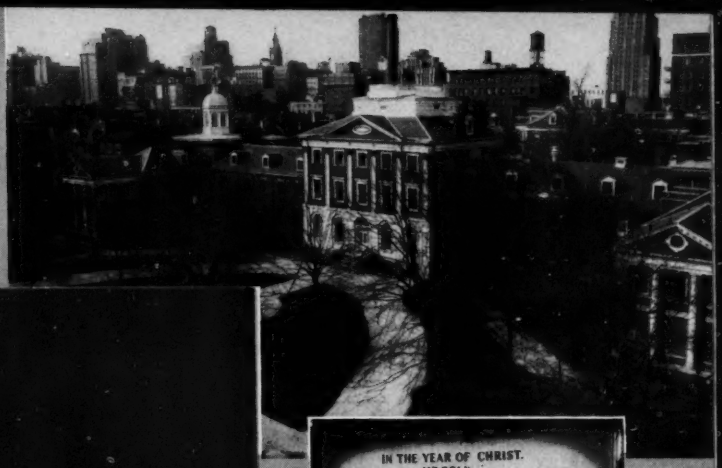
Other Damage Factors Still Being Studied

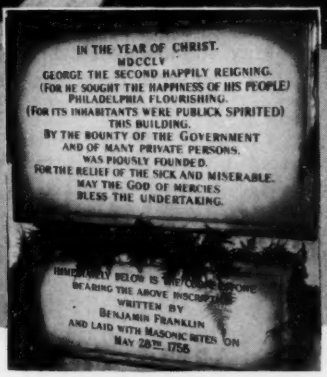
Under this formula, an $11,500 house with contents worth $4,000 and subject to a water depth of 10 inches inside would sustain about $1,400 damage in a flood. Of course other factors, such as velocity of the flood water, its salinity, sedimentation and debris, duration of flooding, building materials used and damage prevention efforts taken before the flood, also affect total damage, and they are still being studied.

Through experience and studies such as these, the day may come when with or without government assistance, data and methods may be devised which will enable insurers to write flood coverage. The challenge is one that insurance will have constantly before it until a solution is found. ⊙

First voluntary, non-profit hospital in the U.S. is 205 years old this month. Original structure, below, of the Pennsylvania Hospital is now its East Wing, far right. Benjamin Franklin was a key founding father.

Pennsylvania Hospital




IN THE YEAR OF CHRIST.
MDCCLV
GEORGE THE SECOND HAPPILY REIGNING.
(FOR HE SOUGHT THE HAPPINESS OF HIS PEOPLE)
PHILADELPHIA FLOURISHING.
(FOR ITS INHABITANTS WERE PUBLICK SPIRITED)
THIS BUILDING.
BY THE BOUNTY OF THE GOVERNMENT
AND OF MANY PRIVATE PERSONS.
WAS PIOUSLY FOUNDED.
FOR THE RELIEF OF THE SICK AND MISERABLE.
MAY THE GOD OF MERCIES
BLESS THE UNDERTAKING.

AMERICA'S HOSPITALS: PRIDE OF THE NATION

Technology and record expenditures promise a wonder-filled future for our health centers.

COMPLETE WITH diagnostic computers and other electronic marvels, the automated hospital of the future may soon provide the solution to America's twin health headaches — rising medical costs and a doctor-nurse shortage.

That's the encouraging forecast from U.S. health leaders who are now looking even farther ahead, to the day when every citizen, sick or well, may wear a little gadget that will notify his physician automatically when illness nears.

The latter feat may be a long way off, but it is not to be treated as mere science fiction. Modern medical miracles are virtually a daily occurrence now in the 8,000 hospitals which some 23 million Americans will enter as patients this year.

Our 1960 health centers also represent a major U. S. industry, employing some 1½ million full-time employees and utilizing $15½ billion worth of facilities and equipment. Expenditures for private and public hospital construction now top the $1 billion-a-year mark annually, boding busy days ahead for insurance and other businesses serving the hospital industry.

From financial and administrative viewpoints, hospitals fall into four categories: Voluntary, nonprofit; proprietary, profit-making; federal; and city, county and state institutions. Medically, they are organized as general hospitals and as specialized units dealing with such problems as tuberculosis or mental illness.

The vast majority of admissions each year are to general hospitals, with about two-thirds of all patients entering voluntary, non-profit establishments. Overall, hospital operating expenses

account for $7 billion of the more than $20 billion spent annually for illness and health maintenance in the U.S.

Nationwide tributes paid our hospitals this month during National Hospital Week, May 8-14, are particularly timely. May is notable as the month in which the world's first hospital to be operated exclusively for women opened, on May 4, 1855, in New York. Equally noteworthy, the first voluntary, non-profit hospital in the U.S., the Pennsylvania Hospital in Philadelphia, is currently celebrating its 205th birthday. It was established through the efforts of the founder of mutual insurance, Benjamin Franklin.

In support of Dr. Thomas Bond's plan, Franklin publicized and subscribed generously to the cause, and obtained a hospital charter from the English Crown in 1751. He inscribed the Pennsylvania's cornerstone, laid in 1755, designed part of the east wing of the original structure, opened in 1756, and served as the institution's president from 1755 to 1757.

Allied with our hospitals in their efforts to preserve the nation's health, insurance has accepted broad responsibilities for guarding our health centers' solvency. A wide variety of coverages are brought into play, as evidenced by an actual hospital insurance program offered as a model for others by the American Hospital Association. The plan is subject to suitable local modifications and amplifications.

Model Program Stresses Broad Protection

Scope of the program ranges from broad property damage to liability, theft and indirect property insurance. Property damage includes blanket fire and extended coverage protection. Four liability policies provide comprehensive, automobile, boiler and machinery and workmen's compensation coverages. Financial safeguards against theft involve a commercial blanket bond, a depositors forgery bond and a broad form money and securities destruction policy. Two forms of consequential loss insurance, business interruption and accounts receivable coverages, also are noted for hospital administrators' attention.

Value of insurance services is summed up in the introduction to the AHA's *Manual on Insurance for Hospitals*: "The purpose of insurance is to preserve the assets of the hospital." ⊙

Babies are probably our hospitals' most important product, and some 4 million of them will be delivered in American health centers during 1960. Nurses behind a safety window instruct mothers in infant care via intercom.

Underwater massage is valuable feature of therapy provided in the physical medicine departments of U.S. hospitals. Besides hydrotherapy, modern services include occupational therapy, physical therapy. Among those receiving treatments: Orthopedic and neurological patients and paralytics who are relearning to use their muscles.

Chicago Wesley Memorial Hospital Photos

Student nurses view operation from balcony as most modern techniques in anesthesia and surgery are employed. Electro-surgical units are now used in delicate brain surgery and for urologic, other operations.

Nurse instructor demonstrates operation of suction machine for students. Equipment is used in care of patients following chest surgery. Modern care gets 70 per cent of patients home within one week.

With assembly line efficiency, the food belts and fast moving tray elevators enable the dietary department of a modern hospital to feed hundreds of patients carefully and individually. Special menus are kept close at hand for the diet clerks' attention. A total of 1½ million employees work in our 8,000 U.S. hospitals.

Typical of scientific equipment found in today's hospital is this respirator, or iron lung. Used in treating infantile paralysis, the dome allows the patient to breathe while lung is opened for nursing or operative procedures.

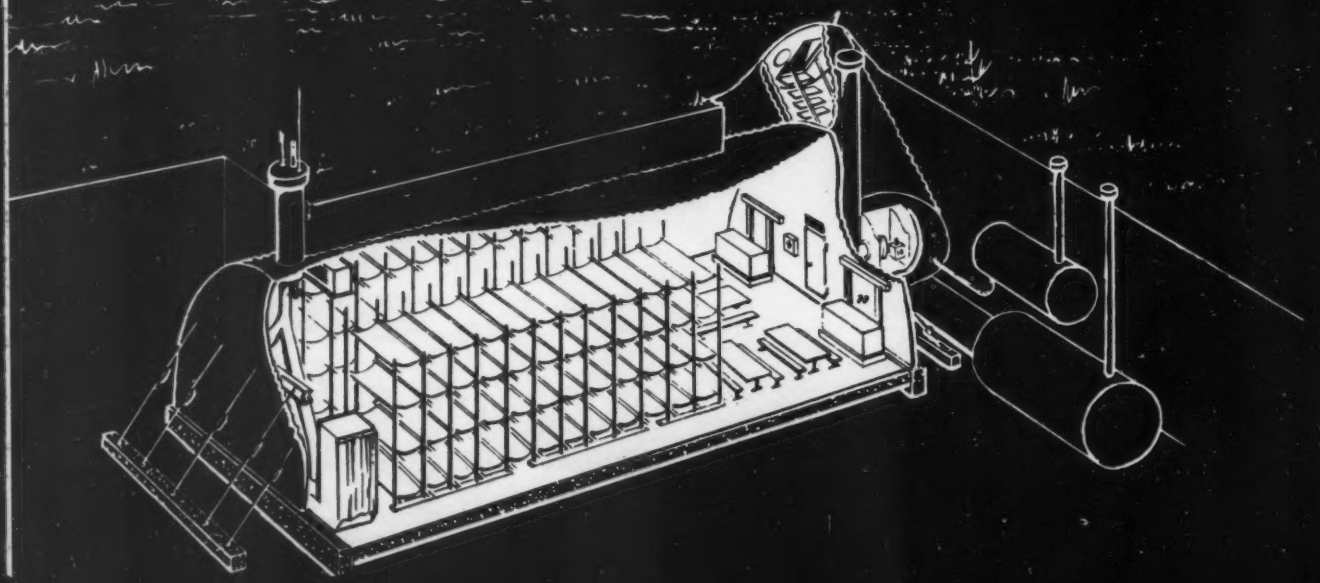
Central supply is the medicinal heart of the hospital, and often dispatches needed drugs and medications via a modern pneumatic tube distribution system. Hundreds of orders may be processed in one day. Closely allied to the supply operation is the hospital's pharmacy. It will stock some 3,000 drugs, employ several pharmacists.

Volunteers lined up to go underground (center background) in the two-week survival test. All of them said afterward they would have volunteered even if they had known what was ahead. Before the volunteers went down, the shelter had been pre-tested by official Navy personnel (shown right) for two days.

In cutaway view of the shelter (below) is a preview of what neighborhood survival living of the future may be like. Safely underground, such a shelter, 48 by 25 feet, will accommodate 100 people for two weeks or longer if necessary.

PREVIEW OF OUR MOLE-HOLE LIVING

'Hardships' of underground survival are disproved in history-making naval demonstration.



Official U. S. Navy Photos

Shelter Commander Strope (emerging) and his volunteers pioneered some basic shelter principles during the 14-day test, including best diets, bunk arrangement and basic outfitting.

HUMAN "INSURANCE" against the perils of nuclear attack has come through a history-making performance reminiscent of the Seven Sleepers of Ephesus.

Those third century sleepers, according to early Christian tradition, were seven noble youths who took refuge in a cave during the Decian persecution, were discovered and walled in to die. However, they were cast into a divine sleep and survived for 230 years.

Ninety-six 20th century men, taking refuge in a simulated radioactive fallout crisis, have just proved that a neighborhood of 100 people can live together in cramped underground quarters, on a meager, unappetizing diet, and without the ordinary creature comforts, for as long as two weeks and perhaps longer, if necessary. Survival, as judged by most of the men, was easier and more pleasant than some people might think.

The test, at Camp Parks, near Pleasanton, California, is one of a series being made by the U.S. Naval Radiological Defense Laboratory to help prepare the nation in the event of a nuclear attack. Tested was the neighborhood-type shelter, as compared with the one-family, home shelter.

Buried under three feet of earthcover, the test shelter is a mole-hole counterpart of a Quonset hut. It is designed to house 100 persons in its area of 48 by 25 feet and is equipped with forced ventilation, a self-contained gasoline-powered generator unit, sanitary facilities, bunks, tables and some game equipment. Entrance is through an inclined tube.

As a test model, the shelter cost $22,000. However, Navy Captain John H. McQuilkin, who heads the laboratory, hopes that it can be mass produced for $13,500. Cost of a home shelter has been estimated as low as $150 by some authorities.

Prior to the full-scale two-weeks test, 16 staff members from the laboratory and one from the Office of Civil and Defense Mobilization went through a two-day trial run in the shelter.

The "neighborhood" test started with an even 100 men, but two were removed for medical reasons, and two more were excused to make court appearances. Eighty-eight of the 96 "survivors" were prisoner-volunteers from the Santa Rita Rehabilitation Center under an arrangement approved by the Navy and Alameda County. Five were guards from the center. The other three were from NRDL—Walmer E. Strope, head of the Laboratory's Military Evaluations Division and shelter commander; Capt. J. E. Sheard, deputy commander, and a shelter doctor.

Restricted water was probably the No. 1 complaint at the end of the test. Each man was limited to one gallon a day for all purposes, precluding such "luxuries" as hot baths or shaves. One of the first unfavorable impressions of the men—extreme overcrowdedness—gradually wore off without any fights or serious quarrels marring the test. For the long pull, the lack of comfortable seating and lounging facilities during the long daytime hours and the absence of crafts and arts materials were minor hardships. A Utopian touch was added to the test when one of the card players drew a perfect poker hand—a spade royal flush.

Most popular of the four different diets provided in different combinations and for different periods was the regular combat "C" rations, a 3,500 calorie meal of two meat courses, fruit, beverage, jam and candy.

Even on very meager, unappetizing food, none of the men lost more than six pounds during the test; all said they would have volunteered even if they had known what it would be like.

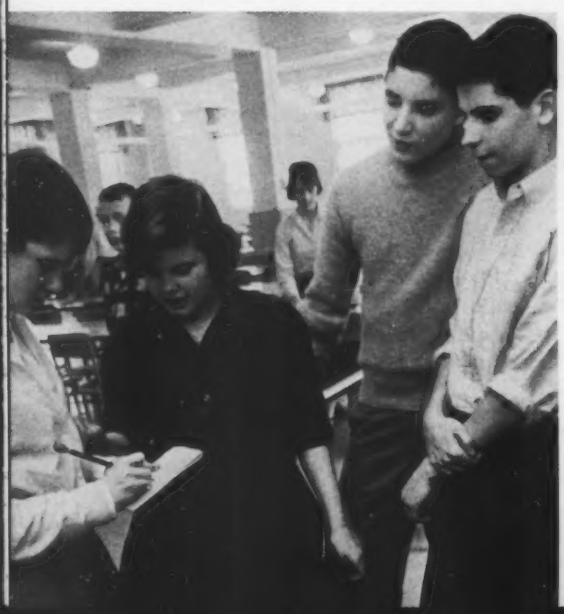
So, maybe mole-hole hibernating wouldn't be so bad after all, compared with abandoning hope, forgoing shelter and facing certain death. ⊙

THEY KNOW THEIR INSURANCE

Cathy Hoyt's tray slipped as she was leaving Skokie Junior High's cafeteria, setting in motion a unique mutual insurance company run by students for more than 20 years. For 10 cents a year, the company insures students and teachers against glass breakage during school hours. Clatter of breaking glass brings a company adjuster onto the scene to investigate.

Lee Balterman Photos

"I was looking back at Barry and Paul when it happened," Cathy tells adjuster Keena Dunn. "I didn't know the counter was so short." Keena makes out a report, tells them to attend the company board meeting that afternoon.



With President Joan Udesky (right) presiding, Skokie Mutual Insurance Company's 14-member board hears the adjuster's report, then calls in the claimant and her two witnesses for questions. Betsy Norse wants to know, "Did you have to discuss your French lessons while juggling a tray of dishes?"

Students at Skokie Junior High operate one of the nation's most unusual mutual companies.

TWO SMALL GIRLS with clumsy fingers started the whole thing off in the late 1930's.

They had broken some dishes in the school cafeteria at Skokie Junior High in Winnetka, Illinois, and didn't have the money to pay for them. Their plight was brought before the school council by the chairman of the lunchroom committee, a lad of 13, who told how the girls' tears had aroused widespread sympathy. Couldn't the council do something?

"What we need is insurance," said one boy, and the idea caught on immediately.

For more than 20 years, the youngsters have been operating their own mutual insurance company to soften the shattering effect broken dishes could have on their allowances. In the process, they have been getting first-hand experience with insurance in its purest form: A mutual pooling of many small sums to provide protection at cost for the few who suffer losses.

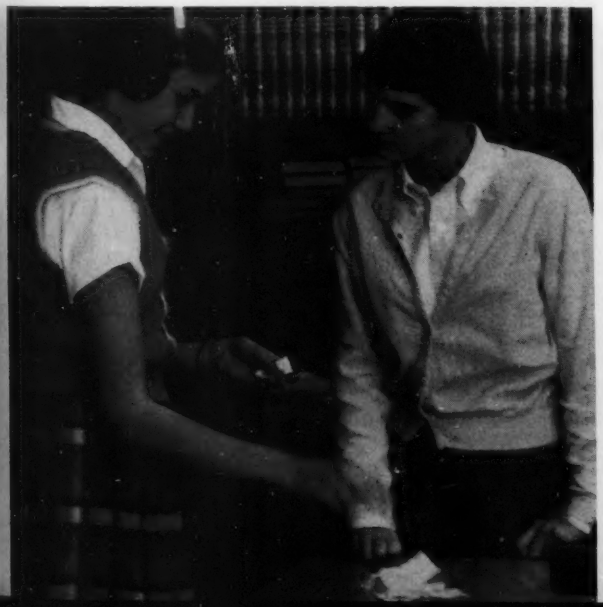
Before the company was chartered by the school council, a committee of students collected information for several months on the amount of breakage, and arithmetic classes helped figure out how large the premium would have to be to cover the losses.

Finally, the committee drew up a constitution for the Skokie Mutual Insurance Company and began issuing policies which automatically made each purchaser, student or teacher, a voting member and part owner of the company. Some of the ground rules have changed throughout the years, but the constitution's original statement of purpose stands as a classic definition of why insurance companies exist: "To give a feeling of assurance to its members."

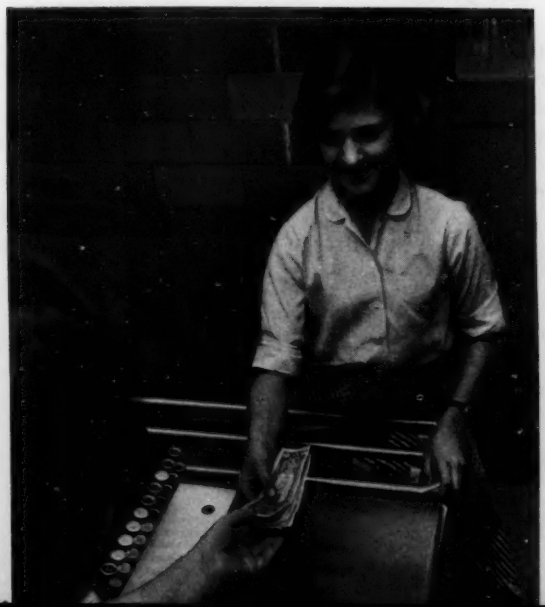
At first, the board of directors decided to reimburse policyholders for only 75 per cent of each loss, thinking this would help prevent carelessness. But before long, the directors and policyholders learned another great principle of mutual insurance. By reducing breakage, they could not only lower their premium rates, but also receive money back at the end of the year in the form of dividends.

This prospect created a great deal of interest in loss prevention. The company persuaded the cafeteria manager to switch from glass milk bottles to paper cartons, and to use paper cups instead of glasses for water. Posters cautioned

Voting is by secret ballot, to determine whether the company should pay the claim. Although all accidental breakage is covered, the board may decline to pay for damage caused willfully or as a result of gross carelessness. In disputed cases, the board has voted to pay half. This time it paid in full.



Company Treasurer Carolyn Bloom pays cafeteria manager $1.55 for three broken plates. Company had 23 losses last year, but managed to keep its books in the black despite rising cost of dishes. Money left over at the end of the year may be put in a surplus fund or returned to policyholders as a dividend



David Shawger explains a poster idea he and Dale Gordon originated to help promote safer arrangement of dishes on trays. Company also persuaded the cafeteria manager to substitute cartons for milk bottles, paper cups for glasses—a loss prevention effort in the best traditions of mutual insurance.

They Know Their Insurance

diners to be careful, and the disposal cans were rearranged to ease crowding.

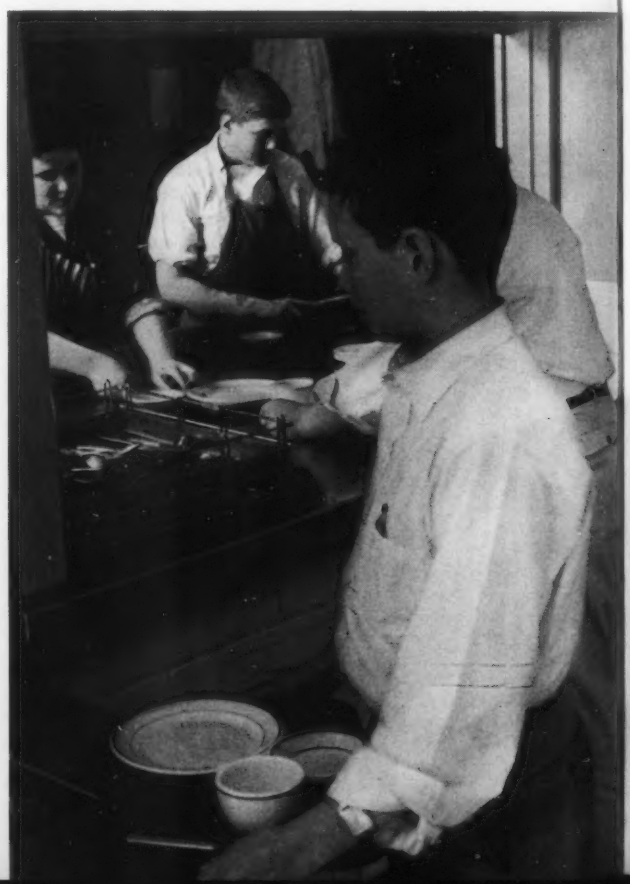
Soon breakage had been reduced so much that insurance rates were cut to one-third their original cost, and coverage was extended to pay the full price of broken dishes. Policies now cost 10 cents for one year, 15 cents for two, and 20 cents for three.

Some years the company has been able to return as much as 5 cents in dividends. But once or twice the board of directors cut the premium too low or had a bad rash of breakage and had to assess the company's members another penny.

Like other companies, the Skokie mutual has problems with accident-prone members and even an occasional questionable claim. The constitution now provides that any policyholder whose losses total more than $1.50 must forfeit his policy. Then if he wishes coverage, he can repurchase it at twice the usual premium.

In one recent case, a girl broke a plate over a tormenter's head, raising a bump and a problem: Should the company pay for the broken dish? Board members pondered the facts at their weekly meeting and voted to pay half. Then they gravely asked her to be more careful with plates. ⊙

Worst trouble spot for breakage is the 4-inch lift from the garbage disposal unit to dishwasher's counter. Dishwashers, ineligible for coverage because of their high risks, formed a union to provide bargaining power and insurance benefits.



Donald Knowlton, New Hampshire's long-time insurance commissioner and a distinguished leader nationally.

KNOWLTON OF NEW HAMPSHIRE

CRAGGY NEW HAMPSHIRE, first to name delegates to the 1960 presidential conventions, is no stranger to the governmental spotlight. It was the Granite State that put the U. S. Constitution into effect by becoming the ninth state to approve ratification, in 1788.

'Twixt then and now, the state has earned acclaim through such contributions to our national heritage as Daniel Webster's ringing oratory and the founding of the first state insurance department, on July 5, 1851.

In economics as well, New Hampshire has performed notably. Though 43rd in size and 44th in population today, the state ranks ninth in industrialization. Thirty per cent of its $1.2 billion annual income and 36 per cent of state employment result from its mills and factories.

Firmed up financially by special mutual insurance protection, textiles dominated the state's economy for more than a century. Then the mills moved southward, and precision manufacturing rose to assume industrial pre-eminence. Electronics is currently the fastest growing Granite State business, with production of machinery, machine tools, plastic and light metal goods and electrical gear close behind.

Apple orchards inland and atomic submarines at the Portsmouth Navy Yard also are salient on the New Hampshire scene, as is insurance, now the fourth largest contributor to state general revenue. Insurance premium taxes, reports Insurance Commissioner Donald Knowlton, increased state income by more than $1.7 million in 1959, an 88 per cent climb from the 1949 yield.

A native of New Hampshire's capital, Concord, Commissioner Knowlton graduated from Boston University and practiced law in New England from 1918 to 1943, during five years of which he was assistant U. S. attorney for the district of New Hampshire. This month he is completing his 17th full year as insurance commissioner, having been appointed to that office in June, 1943.

A past president and vice president of the National Association of Insurance Commissioners, Knowlton is currently active on the group's executive and laws and legislation committees. He also chairs the committee on preservation of state regulation, in which capacity he has represented the NAIC at hearings of the Senate subcommittee on antitrust and monopoly.

Knowlton was recently honored as "Insurance Man of the Year" by *Insurance Field* magazine, and in accepting the award expressed his views on insurance regulation when he said: "If the state governments can adequately protect the rights of the millions of people affected by insurance, and I believe they can, Congress . . . should permit them to do so." ⊙

Modern expressways have cut travel time, boosted traffic to New Hampshire's White Mountains and 1,300 busy lakes, ponds.

New Hampshire State Planning and Development Commission

Convention mecca of the future—Chicago's new lake-front Exposition Center with an auditorium for 5,000 and exhibition space of 11 acres.